

## What's happening with Gain Sharing

- **Board to decide in October**
- **Extensive education planned**
  - **Employer training**
  - **Member education**

Gain sharing, a program adopted last session by the Idaho Legislature, is a major enhancement of the PERSI retirement plan. Our new hybrid defined benefit (Base Plan) and defined contribution (Choice Plan) program will have a significant effect on PERSI's 100,000 members during their work life and in their retirement years. Gain sharing increases the investment options available to PERSI members by providing a readily accessible investment program in which members can voluntarily enhance their own retirement.

### Board to decide gain sharing

PERSI is very optimistic that gain sharing funding will be available this year, however, there are several factors the PERSI Board must consider before making their final determination. PERSI ended Fiscal Year 2000 with an estimated investment return of about 13%, which is very good.

Assets, however, are just one side of the PERSI plan. The actuarial cost of benefits (liabilities) must also be addressed before we can determine funding status for the year. We are now working with our actuary to determine PERSI's liabilities. The items that could affect the liabilities are:

- We are now going through our regularly scheduled review of assumptions (every four years) which may have an effect on the funding status.

- Benefit enhancements passed by the legislature (2% multiplier and disability benefits) have an impact, adding some \$150 to \$170 million to the liabilities.

- Funding of the annual retiree COLA, which has yet to be determined.

- The regular actuarial gains and losses that occur each year have yet to be calculated.

At this point, it is impossible to know the combined impact of these items on the liabilities of the plan. By October of 2000 all of the information should be available for the Board to make its decisions.

### Education Program Planned

#### Employer Education

PERSI plans to provide education so that employers (administrators, payroll and personnel) may be fully informed regarding the new payroll reporting system as well as the new gain sharing and PERSI Choice plan.

We have created an Employer Manual that will cover all aspects of the new payroll reporting. This manual was introduced to a test group of employers and revised based on their input. The manual will be distributed to all employers at educational meetings.

In-person education sessions on payroll, gain sharing, the Choice plan, Purchase of Service and other issues will take place September through November. Keep an eye out for notices on these sessions. If you have a vendor that handles your payroll, we would like to

know who they are so that we can ensure they receive the necessary training as well. Please call or e-mail Judy Aitken at 334-3365 or [jaitken@persi.state.id.us](mailto:jaitken@persi.state.id.us)

#### Member Education

A comprehensive member education program will be established for PERSI's 60,000 active members statewide. The program will consist of group workshops, video, publications, website, modeling software and telephone support.

#### In-Person Educational Sessions

The most important part of an education program is face-to-face interaction. Our goal is for every one of PERSI's 60,000 active members to have the opportunity to attend a group session.

Currently, PERSI offers day-long Financial Management and Retirement Planning workshops which cover budgeting, investment vehicles and strategies, Social Security, PERSI and more. These workshops are held in hotel conference rooms, pulling employees away from their place of employment for the day forcing many to use time-off. For these workshops, members sign up of their own volition, and as a result, we have been reaching just a minor percentage of all members.

For the new Investment Education program, we intend to bring the presentations on-site at the employer locations wherever possible.

PERSI and our contractor will provide some 600 group meetings across Idaho

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## Gain sharing education continued from front

over a 12-18 month period, so that all members are given the opportunity to schedule and attend a session.

The meetings will be held at different locations, preferably at employer locations, to facilitate the attendance of all employees. PERSI and the contractor will coordinate with employer administrators to schedule times and rooms for the group sessions. We will request employer support in making these sessions available (perhaps even mandatory) for all employees.

The group meetings will explain PERSI's Basic and Choice plans and basic investment education. Members will need to be educated on the plan design of the Choice component, and how to best manage their funds to reach their own investment goals. In addition, many members need a great deal more education on the existing Basic PERSI plan. Topics to be covered:

### Choice Plan Basics

- Enrollment
- Investment Options
- Passwords/Beneficiaries
- Tax considerations (contribution limits in combination with 457, 403b plans)
- Payment/Withdrawal Options

### Basic Plan Basics

- Eligibility/Membership
- Retirement Benefits
- Death Benefits
- Disability Benefits
- Separation Benefits
- Value of the Benefits
- Interest/Account Balances

### Investment Education

- Financial planning strategies that incorporate both plans
- Investment vehicles (401k's 457's, 403b's, IRAs, etc)
- Gain sharing

### Printed Materials

A newsletter explaining the gains sharing legislation was mailed by PERSI to members in May 2000. The next newsletter, a comprehensive "rollout" of gain sharing and the Choice plan, will be distributed in October 2000.

In addition, PERSI and our contractor will send additional newsletters and/or other materials to PERSI members and employers throughout the Investment Education process. These materials will fully explain PERSI's Basic and Choice plans and investment issues.

### Video

PERSI will create a video that will cover:

- PERSI's Basic plan,
- gain sharing and the Choice plan,
- information to allow members to decide about participation in the 401(k),
- how to start voluntary contributions.

This video will have companion written materials that will allow members to create personalized investment plans.

### Modeling Software

We will develop computer modeling software, to be available via the web, that will be customized for the total PERSI Basic and Choice plans. It will enable members to calculate the benefits they may receive from the Basic and Choice plans (and other savings vehicles).

### Customized Web Site

We will create a site that will allow members to:

- request information packets,
- view the education sessions schedule,
- use financial modeling software,
- download educational materials.

### Member Support Telephone Services

We will also provide toll-free telephone support for members who may not wish to attend a group session and/or use the modeling software.

## PERSI Conducts Retiree Medical Study

PERSI has been given legislative approval to conduct a study of the medical plans offered to PERSI members at retirement. To conduct the study and make recommendations, PERSI has hired Milliman & Robertson, Inc. (M&R), a consulting and actuarial firm. To begin the study, M&R is conducting a survey of employers, active members and retirees regarding retiree medical benefits.

During August, surveys are being sent to randomly selected employees via their employer personnel representatives. In addition, the personnel representative for each non-State agency will receive a survey. (All State Agencies have the same medical benefits, therefore the State employer survey will be done on a consolidated basis.) Responses to the surveys will be taken via a toll-free telephone system. Every response is important to the future of retiree medical benefits. If you receive an employer survey, please call and log your responses. Additionally, if you receive employee surveys, please distribute them immediately to the employees listed. Responses to the survey will be tabulated and included in M&R's recommendations to the PERSI Board later this year.

## Handbooks planned for October

Every two years, PERSI produces a Member Handbook which are sent to every active member via their employer. This year, we had planned on having the handbooks available in August as usual, but with our new gain sharing Choice plan, we're going to delay the handbooks two months so that we can add as much new plan information as possible.

In the meantime, current PERSI information is available on our website at [www.persi.state.id.us](http://www.persi.state.id.us). We apologize for any inconvenience.